

**Calendar No. 202**

109TH CONGRESS  
1ST SESSION

**S. 1265**

**[Report No. 109–133]**

To make grants and loans available to States and other organizations to strengthen the economy, public health, and environment of the United States by reducing emissions from diesel engines.

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IN THE SENATE OF THE UNITED STATES

JUNE 16, 2005

Mr. VOINOVICH (for himself, Mr. CARPER, Mrs. CLINTON, Mr. ISAKSON, Mrs. HUTCHISON, Mrs. FEINSTEIN, Mr. INHOFE, Mr. JEFFORDS, Mr. DEWINE, Mr. LAUTENBERG, Mr. OBAMA, Mr. STEVENS, Mr. LEVIN, Ms. MURKOWSKI, Mr. SALAZAR, Mr. ALEXANDER, Mr. LIEBERMAN, Mr. CHAFEE, Mr. DEMINT, Mrs. BOXER, Mr. LUGAR, Mr. CORNYN, and Ms. LANDRIEU) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

SEPTEMBER 7, 2005

Reported by Mr. INHOFE, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

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**A BILL**

To make grants and loans available to States and other organizations to strengthen the economy, public health, and environment of the United States by reducing emissions from diesel engines.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Diesel Emissions Re-  
 5       duction Act of 2005”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act:

8               (1) ADMINISTRATOR.—The term “Adminis-  
 9       trator” means the Administrator of the Environ-  
 10      mental Protection Agency.

11              (2) CERTIFIED ENGINE CONFIGURATION.—The  
 12      term “certified engine configuration” means a new,  
 13      rebuilt, or remanufactured engine configuration—

14                      (A) that has been certified or verified by—

15                              (i) the Administrator; or

16                              (ii) the California Air Resources  
 17      Board;

18                      (B) that meets or is rebuilt or remanufac-  
 19      tured to a more stringent set of engine emission  
 20      standards, as determined by the Administrator;  
 21      and

22                      (C) in the case of a certified engine con-  
 23      figuration involving the replacement of an exist-  
 24      ing engine or vehicle, an engine configuration  
 25      that replaced an engine that was—

- 1 (i) removed from the vehicle; and
- 2 (ii) returned to the supplier for re-
- 3 manufacturing to a more stringent set of
- 4 engine emissions standards or for
- 5 scrappage.

6 ~~(3) ELIGIBLE ENTITY.~~—The term “eligible enti-

7 ty” means—

8 (A) a regional, State, local, or tribal agen-

9 cy with jurisdiction over transportation or air

10 quality; and

11 (B) a nonprofit organization or institution

12 that—

13 (i) represents organizations that own

14 or operate diesel fleets; or

15 (ii) has, as its principal purpose, the

16 promotion of transportation or air quality.

17 ~~(4) EMERGING TECHNOLOGY.~~—The term

18 “emerging technology” means a technology that is

19 not certified or verified by the Administrator or the

20 California Air Resources Board but for which an ap-

21 provable application and test plan has been sub-

22 mitted for verification to the Administrator or the

23 California Air Resources Board.

24 ~~(5) HEAVY-DUTY TRUCK.~~—The term “heavy-

25 duty truck” has the meaning given the term “heavy

1 duty vehicle” in section 202 of the Clean Air Act  
 2 (42 U.S.C. 7521).

3 ~~(6) MEDIUM-DUTY TRUCK.—~~The term “me-  
 4 ~~dium-duty truck~~” has such meaning as shall be de-  
 5 ~~termined by the Administrator, by regulation.~~

6 ~~(7) VERIFIED TECHNOLOGY.—~~The term  
 7 ~~“verified technology”~~ means a pollution control tech-  
 8 ~~nology, including a retrofit technology, that has been~~  
 9 ~~verified by—~~

10 ~~(A) the Administrator; or~~

11 ~~(B) the California Air Resources Board.~~

12 **SEC. 3. NATIONAL GRANT AND LOAN PROGRAMS.**

13 ~~(a) IN GENERAL.—~~The Administrator shall use 70  
 14 percent of the funds made available to carry out this Act  
 15 for each fiscal year to provide grants and low-cost revolv-  
 16 ing loans, as determined by the Administrator, on a com-  
 17 petitive basis, to eligible entities to achieve significant re-  
 18 ductions in diesel emissions in terms of—

19 ~~(1) tons of pollution produced; and~~

20 ~~(2) diesel emissions exposure, particularly from~~  
 21 ~~fleets operating in areas designated by the Adminis-~~  
 22 ~~trator as poor air quality areas.~~

23 ~~(b) DISTRIBUTION.—~~

1           (1) ~~IN GENERAL.~~—The Administrator shall dis-  
 2       tribute funds made available for a fiscal year under  
 3       this Act in accordance with this section.

4           (2) ~~FLEETS.~~—The Administrator shall provide  
 5       not less than 50 percent of funds available for a fis-  
 6       cal year under this section to eligible entities for the  
 7       benefit of public fleets.

8           (3) ~~ENGINE CONFIGURATIONS AND TECH-~~  
 9       ~~NOLOGIES.~~—

10           ~~(A) CERTIFIED ENGINE CONFIGURATIONS~~  
 11       ~~AND VERIFIED TECHNOLOGIES.~~—The Adminis-  
 12       trator shall provide not less than 90 percent of  
 13       funds available for a fiscal year under this sec-  
 14       tion to eligible entities for projects using—

15                   (i) a certified engine configuration; or

16                   (ii) a verified technology.

17           ~~(B) EMERGING TECHNOLOGIES.~~—

18           ~~(i) IN GENERAL.~~—The Administrator  
 19       shall provide not more than 10 percent of  
 20       funds available for a fiscal year under this  
 21       section to eligible entities for the develop-  
 22       ment and commercialization of emerging  
 23       technologies.

24           ~~(ii) APPLICATION AND TEST PLAN.~~—

25       To receive funds under clause (i), a manu-

1           facturer, in consultation with an eligible  
 2           entity, shall submit for verification to the  
 3           Administrator or the California Air Re-  
 4           sources Board a test plan for the emerging  
 5           technology, together with the application  
 6           under subsection (e).

7       ~~(e) APPLICATIONS.—~~

8           (1) IN GENERAL.—To receive a grant or loan  
 9           under this section, an eligible entity shall submit to  
 10          the Administrator an application at a time, in a  
 11          manner, and including such information as the Ad-  
 12          ministrator may require.

13          (2) INCLUSIONS.—An application under this  
 14          subsection shall include—

15               (A) a description of the air quality of the  
 16               area served by the eligible entity;

17               (B) the quantity of air pollution produced  
 18               by the diesel fleet in the area served by the eli-  
 19               gible entity;

20               (C) a description of the project proposed  
 21               by the eligible entity, including—

22                       (i) any certified engine configuration;  
 23                       verified technology, or emerging technology  
 24                       to be used by the eligible entity; and

1                   (ii) the means by which the project  
2                   will achieve a significant reduction in diesel  
3                   emissions;

4                   (D) an evaluation (using methodology ap-  
5                   proved by the Administrator or the National  
6                   Academy of Sciences) of the quantifiable and  
7                   unquantifiable benefits of the emissions reduc-  
8                   tions of the proposed project;

9                   (E) an estimate of the cost of the proposed  
10                  project;

11                  (F) a description of the age and expected  
12                  lifetime control of the equipment used by the el-  
13                  igible entity;

14                  (G) a description of the diesel fuel avail-  
15                  able to the eligible entity, including the sulfur  
16                  content of the fuel; and

17                  (H) provisions for the monitoring and  
18                  verification of the project.

19                  (3) PRIORITY.—In providing a grant or loan  
20                  under this section, the Administrator shall give pri-  
21                  ority to proposed projects that, as determined by the  
22                  Administrator—

23                         (A) maximize public health benefits;

24                         (B) are the most cost-effective;

25                         (C) serve areas—

- 1 (i) with the highest population den-  
2 sity;
- 3 (ii) that are poor air quality areas, in-  
4 cluding areas identified by the Adminis-  
5 trator as—
  - 6 (I) in nonattainment or mainte-  
7 nance of national ambient air quality  
8 standards for a criteria pollutant;
  - 9 (II) Federal Class I areas; or
  - 10 (III) areas with toxic air pollut-  
11 ant concerns;
  - 12 (iii) that receive a disproportionate  
13 quantity of air pollution from a diesel fleet,  
14 including ports, rail yards, and distribution  
15 centers; or
  - 16 (iv) that use a community-based  
17 multistakeholder collaborative process to  
18 reduce toxic emissions;
  - 19 (D) include a certified engine configura-  
20 tion, verified technology, or emerging tech-  
21 nology that has a long expected useful life;
  - 22 (E) will maximize the useful life of any ret-  
23 rofit technology used by the eligible entity; and



1           ~~(F)~~ use diesel fuel with a sulfur content of  
 2           less than or equal to 15 parts per million, as  
 3           the Administrator determines to be appropriate.

4           ~~(d) USE OF FUNDS.—~~

5           ~~(1) IN GENERAL.—~~An eligible entity may use a  
 6           grant or loan provided under this section to fund the  
 7           costs of—

8                   ~~(A)~~ a retrofit technology (including any in-  
 9                   cremental costs of a repowered or new diesel  
 10                  engine) that significantly reduces emissions  
 11                  through development and implementation of a  
 12                  certified engine configuration, verified tech-  
 13                  nology, or emerging technology for—

14                           ~~(i)~~ a bus;

15                           ~~(ii)~~ a medium-duty truck or a heavy-  
 16                           duty truck;

17                           ~~(iii)~~ a marine engine;

18                           ~~(iv)~~ a locomotive; or

19                           ~~(v)~~ a nonroad engine or vehicle used  
 20                           in—

21                                   ~~(I)~~ construction;

22                                   ~~(II)~~ handling of cargo (including  
 23                                   at a port or airport);

24                                   ~~(III)~~ agriculture;

25                                   ~~(IV)~~ mining; or

1                                   (V) energy production; or

2                                   (B) an idle-reduction program involving a  
3 vehicle or equipment described in subparagraph  
4 (A).

5                   (2) REGULATORY PROGRAMS.—

6                                   (A) IN GENERAL.—Notwithstanding para-  
7 graph (1), no grant or loan provided under this  
8 section shall be used to fund the costs of emis-  
9 sions reductions that are mandated under Fed-  
10 eral, State or local law.

11                                   (B) MANDATED.—For purposes of sub-  
12 paragraph (A), voluntary or elective emission  
13 reduction measures shall not be considered  
14 “mandated”, regardless of whether the reduc-  
15 tions are included in the State implementation  
16 plan of a State.

17 **SEC. 4. STATE GRANT AND LOAN PROGRAMS.**

18                   (a) IN GENERAL.—Subject to the availability of ade-  
19 quate appropriations, the Administrator shall use 30 per-  
20 cent of the funds made available for a fiscal year under  
21 this Act to support grant and loan programs administered  
22 by States that are designed to achieve significant reduc-  
23 tions in diesel emissions.

24                   (b) APPLICATIONS.—The Administrator shall—

(1) provide to States guidance for use in applying for grant or loan funds under this section, including information regarding—

(A) the process and forms for applications;

(B) permissible uses of funds received; and

(C) the cost-effectiveness of various emission reduction technologies eligible to be carried out using funds provided under this section; and

(2) establish, for applications described in paragraph (1)—

(A) an annual deadline for submission of the applications;

(B) a process by which the Administrator shall approve or disapprove each application; and

(C) a streamlined process by which a State may renew an application described in paragraph (1) for subsequent fiscal years.

(c) ALLOCATION OF FUNDS.—

(1) IN GENERAL.—For each fiscal year, the Administrator shall allocate among States for which applications are approved by the Administrator under subsection (b)(2)(B) funds made available to carry out this section for the fiscal year.

1           ~~(2) ALLOCATION.—~~Using not more than 20  
 2           percent of the funds made available to carry out this  
 3           section for a fiscal year, the Administrator shall pro-  
 4           vide to each State described in paragraph ~~(1)~~ for the  
 5           fiscal year an allocation of funds that is equal to—

6                   ~~(A)~~ if each of the 50 States qualifies for  
 7           an allocation, an amount equal to 2 percent of  
 8           the funds made available to carry out this sec-  
 9           tion; or

10                   ~~(B)~~ if fewer than 50 States qualifies for an  
 11           allocation, an amount equal to the amount de-  
 12           scribed in subparagraph ~~(A)~~, plus an additional  
 13           amount equal to the product obtained by multi-  
 14           plying—

15                           ~~(i)~~ the proportion that—

16                                   ~~(I)~~ the population of the State;  
 17                                   bears to

18                                   ~~(II)~~ the population of all States  
 19                                   described in paragraph ~~(1)~~; by

20                                   ~~(ii)~~ the amount of funds remaining  
 21                                   after each State described in paragraph ~~(1)~~  
 22                                   receives the 2-percent allocation under this  
 23                                   paragraph.

24           ~~(3) STATE MATCHING INCENTIVE.—~~

1           ~~(A) IN GENERAL.—~~If a State agrees to  
 2           match the allocation provided to the State  
 3           under paragraph ~~(2)~~ for a fiscal year, the Ad-  
 4           ministrators shall provide to the State for the  
 5           fiscal year an additional amount equal to 50  
 6           percent of the allocation of the State under  
 7           paragraph ~~(2)~~.

8           ~~(B) REQUIREMENTS.—~~A State—

9                   ~~(i)~~ may not use funds received under  
 10                  this Act to pay a matching share required  
 11                  under this subsection; and

12                  ~~(ii)~~ shall not be required to provide a  
 13                  matching share for any additional amount  
 14                  received under subparagraph ~~(A)~~.

15           ~~(4) UNCLAIMED FUNDS.—~~Any funds that are  
 16           not claimed by a State for a fiscal year under this  
 17           subsection shall be used to carry out section 3.

18           ~~(d) ADMINISTRATION.—~~

19           ~~(1) IN GENERAL.—~~Subject to paragraphs ~~(2)~~  
 20           and ~~(3)~~ and, to the extent practicable, the priority  
 21           areas listed in section 3(c)(3), a State shall use any  
 22           funds provided under this section to develop and im-  
 23           plement such grant and low-cost revolving loan pro-  
 24           grams in the State as are appropriate to meet State

1 needs and goals relating to the reduction of diesel  
2 emissions.

3 ~~(2) APPORTIONMENT OF FUNDS.—~~The Gov-  
4 ernor of a State that receives funding under this  
5 section may determine the portion of funds to be  
6 provided as grants or loans.

7 ~~(3) USE OF FUNDS.—~~A grant or loan provided  
8 under this section may be used for a project relating  
9 to—

10 (A) a certified engine configuration; or

11 (B) a verified technology.

12 **SEC. 5. EVALUATION AND REPORT.**

13 (a) IN GENERAL.—Not later than 2 years after the  
14 date of enactment of this Act, and biennially thereafter,  
15 the Administrator shall submit to Congress a report evalu-  
16 ating the implementation of the programs under this Act.

17 (b) INCLUSIONS.—The report shall include a descrip-  
18 tion of—

19 (1) the total number of grant applications re-  
20 ceived;

21 (2) each grant or loan made under this Act, in-  
22 cluding the amount of the grant or loan;

23 (3) each project for which a grant or loan is  
24 provided under this Act, including the criteria used  
25 to select the grant or loan recipients;

1           (4) the estimated air quality benefits, cost-effec-  
 2           tiveness, and cost-benefits of the grant and loan pro-  
 3           grams under this Act;

4           (5) the problems encountered by projects for  
 5           which a grant or loan is provided under this Act;  
 6           and

7           (6) any other information the Administrator  
 8           considers to be appropriate.

9   **SEC. 6. OUTREACH AND INCENTIVES.**

10       (a) **DEFINITION OF ELIGIBLE TECHNOLOGY.**—In  
 11       this section, the term “eligible technology” means—

12           (1) a verified technology; or

13           (2) an emerging technology.

14       (b) **TECHNOLOGY TRANSFER PROGRAM.**—

15           (1) **IN GENERAL.**—The Administrator shall es-  
 16       tablish a program under which the Administrator—

17           (A) informs stakeholders of the benefits of  
 18       eligible technologies; and

19           (B) develops nonfinancial incentives to pro-  
 20       mote the use of eligible technologies.

21           (2) **ELIGIBLE STAKEHOLDERS.**—Eligible stake-  
 22       holders under this section include—

23           (A) equipment owners and operators;

24           (B) emission control technology manufac-  
 25       turers;

- 1                   (C) engine and equipment manufacturers;
- 2                   (D) State and local officials responsible for
- 3           air quality management;
- 4                   (E) community organizations; and
- 5                   (F) public health and environmental orga-
- 6           nizations.

7           (c) STATE IMPLEMENTATION PLANS.—The Adminis-  
8   trator shall develop appropriate guidance to provide credit  
9   to a State for emission reductions in the State created  
10 by the use of eligible technologies through a State imple-  
11 mentation plan under section 110 of the Clean Air Act  
12 (42 U.S.C. 7410).

13          (d) INTERNATIONAL MARKETS.—The Administrator,  
14 in coordination with the Department of Commerce and in-  
15 dustry stakeholders, shall inform foreign countries with  
16 air quality problems of the potential of technology devel-  
17 oped or used in the United States to provide emission re-  
18 ductions in those countries.

19   **SEC. 7. EFFECT OF ACT.**

20          Nothing in this Act affects any authority under the  
21 Clean Air Act (42 U.S.C. 7401 et seq.) in existence on  
22 the day before the date of enactment of this Act.



1 **SEC. 8. AUTHORIZATION OF APPROPRIATIONS.**

2       There is authorized to be appropriated to carry out  
3 this Act \$200,000,000 for each of fiscal years 2006  
4 through 2010, to remain available until expended.

5 **SECTION 1. SHORT TITLE.**

6       *This Act may be cited as the “Diesel Emissions Reduc-*  
7 *tion Act of 2005”.*

8 **SEC. 2. DEFINITIONS.**

9       *In this Act:*

10           (1) *ADMINISTRATOR.*—*The term “Adminis-*  
11 *trator” means the Administrator of the Environ-*  
12 *mental Protection Agency.*

13           (2) *CERTIFIED ENGINE CONFIGURATION.*—*The*  
14 *term “certified engine configuration” means a new,*  
15 *rebuilt, or remanufactured engine configuration—*

16                   (A) *that has been certified or verified by—*

17                           (i) *the Administrator; or*

18                           (ii) *the California Air Resources*  
19 *Board;*

20                   (B) *that meets or is rebuilt or remanufac-*  
21 *tured to a more stringent set of engine emission*  
22 *standards, as determined by the Administrator;*  
23 *and*

24                   (C) *in the case of a certified engine configu-*  
25 *ration involving the replacement of an existing*

1           *engine or vehicle, an engine configuration that*  
 2           *replaced an engine that was—*

3                     *(i) removed from the vehicle; and*

4                     *(ii) returned to the supplier for re-*  
 5                     *manufacturing to a more stringent set of*  
 6                     *engine emissions standards or for*  
 7                     *scrappage.*

8           (3) *ELIGIBLE ENTITY.*—*The term “eligible enti-*  
 9           *ty” means—*

10                    *(A) a regional, State, local, or tribal agency*  
 11                    *or port authority with jurisdiction over trans-*  
 12                    *portation or air quality; and*

13                    *(B) a nonprofit organization or institution*  
 14                    *that—*

15                            *(i) represents or provides pollution re-*  
 16                            *duction or educational services to persons or*  
 17                            *organizations that own or operate diesel*  
 18                            *fleets; or*

19                            *(ii) has, as its principal purpose, the*  
 20                            *promotion of transportation or air quality.*

21           (4) *EMERGING TECHNOLOGY.*—*The term “emerg-*  
 22           *ing technology” means a technology that is not cer-*  
 23           *tified or verified by the Administrator or the Cali-*  
 24           *fornia Air Resources Board but for which an approv-*  
 25           *able application and test plan has been submitted for*

1       *verification to the Administrator or the California*  
 2       *Air Resources Board.*

3           (5) *FLEET.*—*The term “fleet” means 1 or more*  
 4       *diesel vehicles or mobile or stationary diesel engines.*

5           (6) *HEAVY-DUTY TRUCK.*—*The term “heavy-duty*  
 6       *truck” has the meaning given the term “heavy duty*  
 7       *vehicle” in section 202 of the Clean Air Act (42*  
 8       *U.S.C. 7521).*

9           (7) *MEDIUM-DUTY TRUCK.*—*The term “medium-*  
 10       *duty truck” has such meaning as shall be determined*  
 11       *by the Administrator, by regulation.*

12          (8) *VERIFIED TECHNOLOGY.*—*The term “verified*  
 13       *technology” means a pollution control technology (in-*  
 14       *cluding a retrofit technology), advanced truckstop*  
 15       *electrification system, or auxiliary power unit that*  
 16       *has been verified by—*

17                   (A) *the Administrator; or*

18                   (B) *the California Air Resources Board.*

19   **SEC. 3. NATIONAL GRANT AND LOAN PROGRAMS.**

20          (a) *IN GENERAL.*—*The Administrator shall use 70*  
 21       *percent of the funds made available to carry out this Act*  
 22       *for each fiscal year to provide grants and low-cost revolving*  
 23       *loans, as determined by the Administrator, on a competitive*  
 24       *basis, to eligible entities to achieve significant reductions*  
 25       *in diesel emissions in terms of—*

1           (1) *tons of pollution produced; and*

2           (2) *diesel emissions exposure, particularly from*  
3 *fleets operating in areas designated by the Adminis-*  
4 *trator as poor air quality areas.*

5       (b) *DISTRIBUTION.—*

6           (1) *IN GENERAL.—The Administrator shall dis-*  
7 *tribute funds made available for a fiscal year under*  
8 *this Act in accordance with this section.*

9           (2) *FLEETS.—The Administrator shall provide*  
10 *not less than 50 percent of funds available for a fiscal*  
11 *year under this section to eligible entities for the ben-*  
12 *efit of public fleets.*

13       (3) *ENGINE CONFIGURATIONS AND TECH-*  
14 *NOLOGIES.—*

15           (A) *CERTIFIED ENGINE CONFIGURATIONS*  
16 *AND VERIFIED TECHNOLOGIES.—The Adminis-*  
17 *trator shall provide not less than 90 percent of*  
18 *funds available for a fiscal year under this sec-*  
19 *tion to eligible entities for projects using—*

20                   (i) *a certified engine configuration; or*

21                   (ii) *a verified technology.*

22       (B) *EMERGING TECHNOLOGIES.—*

23           (i) *IN GENERAL.—The Administrator*  
24 *shall provide not more than 10 percent of*  
25 *funds available for a fiscal year under this*

1            *section to eligible entities for the develop-*  
 2            *ment and commercialization of emerging*  
 3            *technologies.*

4            *(ii) APPLICATION AND TEST PLAN.—To*  
 5            *receive funds under clause (i), a manufac-*  
 6            *turer, in consultation with an eligible enti-*  
 7            *ty, shall submit for verification to the Ad-*  
 8            *ministrator or the California Air Resources*  
 9            *Board a test plan for the emerging tech-*  
 10           *nology, together with the application under*  
 11           *subsection (c).*

12           *(c) APPLICATIONS.—*

13           *(1) IN GENERAL.—To receive a grant or loan*  
 14           *under this section, an eligible entity shall submit to*  
 15           *the Administrator an application at a time, in a*  
 16           *manner, and including such information as the Ad-*  
 17           *ministrator may require.*

18           *(2) INCLUSIONS.—An application under this*  
 19           *subsection shall include—*

20           *(A) a description of the air quality of the*  
 21           *area served by the eligible entity;*

22           *(B) the quantity of air pollution produced*  
 23           *by the diesel fleets in the area served by the eligi-*  
 24           *ble entity;*

1           (C) a description of the project proposed by  
2           the eligible entity, including—

3                 (i) any certified engine configuration,  
4                 verified technology, or emerging technology  
5                 to be used or funded by the eligible entity;  
6                 and

7                 (ii) the means by which the project will  
8                 achieve a significant reduction in diesel  
9                 emissions;

10           (D) an evaluation (using methodology ap-  
11           proved by the Administrator or the National  
12           Academy of Sciences) of the quantifiable and  
13           unquantifiable benefits of the emissions reduc-  
14           tions of the proposed project;

15           (E) an estimate of the cost of the proposed  
16           project;

17           (F) a description of the age and expected  
18           lifetime control of the equipment used or funded  
19           by the eligible entity;

20           (G) a description of the diesel fuel available  
21           in the areas served by the eligible entity, includ-  
22           ing the sulfur content of the fuel; and

23           (H) provisions for the monitoring and  
24           verification of the project.

1           (3) *PRIORITY.*—*In providing a grant or loan*  
 2           *under this section, the Administrator shall give pri-*  
 3           *ority to proposed projects that, as determined by the*  
 4           *Administrator—*

5                     (A) *maximize public health benefits;*

6                     (B) *are the most cost-effective;*

7                     (C) *serve areas—*

8                             (i) *with the highest population density;*

9                             (ii) *that are poor air quality areas, in-*  
 10                            *cluding areas identified by the Adminis-*  
 11                            *trator as—*

12                            (I) *in nonattainment or mainte-*  
 13                            *nance of national ambient air quality*  
 14                            *standards for a criteria pollutant;*

15                            (II) *Federal Class I areas; or*

16                            (III) *areas with toxic air pollut-*  
 17                            *ant concerns;*

18                            (iii) *that receive a disproportionate*  
 19                            *quantity of air pollution from diesel fleets,*  
 20                            *including ports, rail yards, truckstops, ter-*  
 21                            *minals, and distribution centers; or*

22                            (iv) *that use a community-based multi-*  
 23                            *stakeholder collaborative process to reduce*  
 24                            *toxic emissions;*

1           (D) include a certified engine configuration,  
 2           verified technology, or emerging technology that  
 3           has a long expected useful life;

4           (E) will maximize the useful life of any cer-  
 5           tified engine configuration, verified technology,  
 6           or emerging technology used by the eligible enti-  
 7           ty;

8           (F) conserve diesel fuel; and

9           (G) use diesel fuel with a sulfur content of  
 10          less than or equal to 15 parts per million, as the  
 11          Administrator determines to be appropriate.

12       (d) *USE OF FUNDS.*—

13           (1) *IN GENERAL.*—An eligible entity may use a  
 14          grant or loan provided under this section to fund the  
 15          costs of—

16           (A) a retrofit technology (including any in-  
 17          cremental costs of a repowered or new diesel en-  
 18          gine) that significantly reduces emissions  
 19          through development and implementation of a  
 20          certified engine configuration, verified tech-  
 21          nology, or emerging technology for—

22                   (i) a bus;

23                   (ii) a medium-duty truck or a heavy-  
 24                   duty truck;

25                   (iii) a marine engine;



1                   (iv) a locomotive; or

2                   (v) a nonroad engine or vehicle used

3                   in—

4                   (I) construction;

5                   (II) handling of cargo (including

6                   at a port or airport);

7                   (III) agriculture;

8                   (IV) mining; or

9                   (V) energy production; or

10                   (B) programs or projects to reduce long-du-  
11 ration idling using verified technology involving  
12 a vehicle or equipment described in subpara-  
13 graph (A).

14                   (2) REGULATORY PROGRAMS.—

15                   (A) IN GENERAL.—Notwithstanding para-  
16 graph (1), no grant or loan provided under this  
17 section shall be used to fund the costs of emis-  
18 sions reductions that are mandated under Fed-  
19 eral, State or local law.

20                   (B) MANDATED.—For purposes of subpara-  
21 graph (A), voluntary or elective emission reduc-  
22 tion measures shall not be considered “man-  
23 dated”, regardless of whether the reductions are  
24 included in the State implementation plan of a  
25 State.

1 **SEC. 4. STATE GRANT AND LOAN PROGRAMS.**

2       (a) *IN GENERAL.*—Subject to the availability of ade-  
 3 quate appropriations, the Administrator shall use 30 per-  
 4 cent of the funds made available for a fiscal year under  
 5 this Act to support grant and loan programs administered  
 6 by States that are designed to achieve significant reductions  
 7 in diesel emissions.

8       (b) *APPLICATIONS.*—The Administrator shall—

9           (1) provide to States guidance for use in apply-  
 10 ing for grant or loan funds under this section, includ-  
 11 ing information regarding—

12                   (A) the process and forms for applications;

13                   (B) permissible uses of funds received; and

14                   (C) the cost-effectiveness of various emission  
 15 reduction technologies eligible to be carried out  
 16 using funds provided under this section; and

17           (2) establish, for applications described in para-  
 18 graph (1)—

19                   (A) an annual deadline for submission of  
 20 the applications;

21                   (B) a process by which the Administrator  
 22 shall approve or disapprove each application;  
 23 and

24                   (C) a streamlined process by which a State  
 25 may renew an application described in para-  
 26 graph (1) for subsequent fiscal years.

1       (c) *ALLOCATION OF FUNDS.*—

2               (1) *IN GENERAL.*—For each fiscal year, the Ad-  
 3       ministrators shall allocate among States for which ap-  
 4       plications are approved by the Administrator under  
 5       subsection (b)(2)(B) funds made available to carry  
 6       out this section for the fiscal year.

7               (2) *ALLOCATION.*—Using not more than 20 per-  
 8       cent of the funds made available to carry out this Act  
 9       for a fiscal year, the Administrator shall provide to  
 10      each State described in paragraph (1) for the fiscal  
 11      year an allocation of funds that is equal to—

12               (A) if each of the 50 States qualifies for an  
 13      allocation, an amount equal to 2 percent of the  
 14      funds made available to carry out this section; or

15               (B) if fewer than 50 States qualifies for an  
 16      allocation, an amount equal to the amount de-  
 17      scribed in subparagraph (A), plus an additional  
 18      amount equal to the product obtained by multi-  
 19      plying—

20               (i) the proportion that—

21                       (I) the population of the State;  
 22                       bears to

23                       (II) the population of all States  
 24                       described in paragraph (1); by

1                   (ii) the amount of funds remaining  
2                   after each State described in paragraph (1)  
3                   receives the 2-percent allocation under this  
4                   paragraph.

5           (3) *STATE MATCHING INCENTIVE.*—

6                   (A) *IN GENERAL.*—If a State agrees to  
7                   match the allocation provided to the State under  
8                   paragraph (2) for a fiscal year, the Adminis-  
9                   trator shall provide to the State for the fiscal  
10                  year an additional amount equal to 50 percent  
11                  of the allocation of the State under paragraph  
12                  (2).

13                  (B) *REQUIREMENTS.*—A State—

14                   (i) may not use funds received under  
15                   this Act to pay a matching share required  
16                   under this subsection; and

17                   (ii) shall not be required to provide a  
18                   matching share for any additional amount  
19                   received under subparagraph (A).

20           (4) *UNCLAIMED FUNDS.*—Any funds that are not  
21           claimed by a State for a fiscal year under this sub-  
22           section shall be used to carry out section 3.

23           (d) *ADMINISTRATION.*—

24                   (1) *IN GENERAL.*—Subject to paragraphs (2) and  
25                   (3) and, to the extent practicable, the priority areas

1        *listed in section 3(c)(3), a State shall use any funds*  
 2        *provided under this section to develop and implement*  
 3        *such grant and low-cost revolving loan programs in*  
 4        *the State as are appropriate to meet State needs and*  
 5        *goals relating to the reduction of diesel emissions.*

6            (2) *APPORTIONMENT OF FUNDS.—The Governor*  
 7        *of a State that receives funding under this section*  
 8        *may determine the portion of funds to be provided as*  
 9        *grants or loans.*

10           (3) *USE OF FUNDS.—A grant or loan provided*  
 11        *under this section may be used for a project relating*  
 12        *to—*

13                    (A) *a certified engine configuration; or*

14                    (B) *a verified technology.*

15    **SEC. 5. EVALUATION AND REPORT.**

16           (a) *IN GENERAL.—Not later than 1 year after the date*  
 17        *on which funds are made first available under this Act, and*  
 18        *biennially thereafter, the Administrator shall submit to*  
 19        *Congress a report evaluating the implementation of the pro-*  
 20        *grams under this Act.*

21           (b) *INCLUSIONS.—The report shall include a descrip-*  
 22        *tion of—*

23                    (1) *the total number of grant applications re-*  
 24        *ceived;*

1           (2) *each grant or loan made under this Act, in-*  
 2           *cluding the amount of the grant or loan;*

3           (3) *each project for which a grant or loan is pro-*  
 4           *vided under this Act, including the criteria used to se-*  
 5           *lect the grant or loan recipients;*

6           (4) *the actual and estimated air quality and die-*  
 7           *sel fuel conservation benefits, cost-effectiveness, and*  
 8           *cost-benefits of the grant and loan programs under*  
 9           *this Act;*

10          (5) *the problems encountered by projects for*  
 11          *which a grant or loan is provided under this Act; and*

12          (6) *any other information the Administrator*  
 13          *considers to be appropriate.*

14   **SEC. 6. OUTREACH AND INCENTIVES.**

15          (a) *DEFINITION OF ELIGIBLE TECHNOLOGY.*—*In this*  
 16          *section, the term “eligible technology” means—*

17               (1) *a verified technology; or*

18               (2) *an emerging technology.*

19          (b) *TECHNOLOGY TRANSFER PROGRAM.*—

20               (1) *IN GENERAL.*—*The Administrator shall es-*  
 21               *tablish a program under which the Administrator—*

22                       (A) *informs stakeholders of the benefits of el-*  
 23                       *igible technologies; and*

24                       (B) *develops nonfinancial incentives to pro-*  
 25                       *mote the use of eligible technologies.*

1           (2) *ELIGIBLE STAKEHOLDERS.*—*Eligible stake-*  
 2           *holders under this section include—*

3                   (A) *equipment owners and operators;*

4                   (B) *emission and pollution control tech-*  
 5                   *nology manufacturers;*

6                   (C) *engine and equipment manufacturers;*

7                   (D) *State and local officials responsible for*  
 8                   *air quality management;*

9                   (E) *community organizations; and*

10                  (F) *public health, educational, and environ-*  
 11                  *mental organizations.*

12           (c) *STATE IMPLEMENTATION PLANS.*—*The Adminis-*  
 13           *trator shall develop appropriate guidance to provide credit*  
 14           *to a State for emission reductions in the State created by*  
 15           *the use of eligible technologies through a State implementa-*  
 16           *tion plan under section 110 of the Clean Air Act (42 U.S.C.*  
 17           *7410).*

18           (d) *INTERNATIONAL MARKETS.*—*The Administrator,*  
 19           *in coordination with the Department of Commerce and in-*  
 20           *dustry stakeholders, shall inform foreign countries with air*  
 21           *quality problems of the potential of technology developed or*  
 22           *used in the United States to provide emission reductions*  
 23           *in those countries.*

1 **SEC. 7. EFFECT OF ACT.**

2       *Nothing in this Act affects any authority under the*  
3 *Clean Air Act (42 U.S.C. 7401 et seq.) in existence on the*  
4 *day before the date of enactment of this Act.*

5 **SEC. 8. AUTHORIZATION OF APPROPRIATIONS.**

6       *There is authorized to be appropriated to carry out*  
7 *this Act \$200,000,000 for each of fiscal years 2007 through*  
8 *2011, to remain available until expended.*





Calendar No. 202

109TH CONGRESS  
1ST Session

**S. 1265**

[Report No. 109-133]

**A BILL**

To make grants and loans available to States and other organizations to strengthen the economy, public health, and environment of the United States by reducing emissions from diesel engines.

SEPTEMBER 7, 2005

Reported with an amendment